

Remarks of Mayor Paul D. Fraim
Norfolk State of the City
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Norfolk Waterside Marriott Hotel

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From an earthquake and a hurricane to the successful launch of light rail, 2011 was a memorable year . . . so it is once again an honor to be with the city's business, civic and governmental leadership as we review our accomplishments, the challenges before us and the future that lies ahead. I know my colleagues on the Council join me in thanking you for being here and for all you are doing to help make Norfolk a great city. Let me also thank Mike Fowler, chair of the Norfolk Division and Jack Hornbeck, CEO of the Hampton Roads Chamber of Commerce for organizing this annual event.

Before going any further, it is appropriate to note the passing two weeks ago today of a beloved Norfolk figure - Peter G. Decker, Jr. Peter loved the City of Norfolk deeply. Its people were his extended family, and he spent most of his adult life helping make it a better place to live and work. Peter was generous with his time and resources. He was immensely popular and bigger than life and succeeded in leaving the city a better place than he found it. We will all miss him greatly, and already do. God bless you Peter.

It's said that adversity brings out the best in people. Last August, city employees gave meaning to that adage during and after Hurricane Irene. Across the board, their response was outstanding, and I want to take this opportunity to extend thanks and appreciation from the Council and the community for a job well done. Will all the City employees please stand. (Lead Applause)

2011 also marked the 10th anniversary of the 9/11 terrorist attacks. In observance of that tragic day, the City joined with the Navy, the Marines and the Coast Guard for a Day of Healing and Remembrance in Town Point Park. The ceremony served as a reminder of the dangerous world we live in, and of how much we owe the men and women of our armed forces for all they do to keep us safe at home by defending our freedoms abroad. We are honored to have representatives from the military with us today, including Vice Admiral Tony Johnstone-Burt, Chief of Staff, NATO Supreme Allied Command Transformation . . . Rear Admiral Stephen Mehling, Commander, U. S. Coast Guard Readiness Command . . . CAPT David Culler, Executive Officer, Naval Station Norfolk . . . and Fred Crecelius – Executive Director, Navy Region Mid-Atlantic.

According to a recent national study, Norfolk is the second-best place in the country to look for a job for persons retiring from the armed forces. This is due to our job mix, low unemployment and affordable home prices. We look forward to working with our friends in the military to make Norfolk an even more desirable place for both active duty and retired personnel.

With American troops out of Iraq and the war in Afghanistan winding down, we expect to welcome home a growing number of veterans. We are glad to have them back as part of our community and as part of our economy. Some will enroll in college, some will go back to families and careers, many will need jobs. All possess skills needed in the public and private sectors. To assist their transition to civilian life, the City is establishing a Workforce Development and Veterans Services initiative within the department of economic development.

Additionally, the City Council has agreed to appoint a Military Economic Development Advisory Committee to provide guidance for the program and to enhance coordination between the City and the Navy and to grow the military's presence here. We will also establish a separate Commission on Veterans Affairs to advise us on issues and concerns that affect veterans and their families. The City Manager is also organizing staff around these initiatives. The goal is for Norfolk to be the best city in the country for the military to do business and for veterans to live and work.

As future rounds of BRAC are being contemplated, a strong showing of community support is necessary to demonstrate to decision makers that Norfolk and Hampton Roads should remain the military capital of the world. It is worth mentioning again the good news we learned Monday that Norfolk will remain the only home port for all of the Navy's East Coast nuclear aircraft carriers. Good sense has prevailed over politics. Thanks to our entire congressional delegation for making this point for us so firmly.

If we learned anything last year, it was that this City is also a good football town. The Norfolk State Spartans captured the Mid-Eastern Athletic Conference championship and an automatic berth to the FCS playoffs. Across town, the Old Dominion University Monarchs secured the school's first playoff spot in only their third football season. History was made when both teams met at Foreman Field in the first round of the playoffs. While Old Dominion prevailed, NSU, ODU and the City all came away winners. Beginning in 2013 the teams are scheduled to begin a six-year stand, which will be great for all of us.

Today, we are pleased to have with us Old Dominion University President John Broderick and Head Football Coach Bobby Wilder – the College Sports Madness National Coach of the Year. Joining Coach Wilder is Chris Crouch, director of football operations, linebacker Craig Wilkins, defensive lineman Chris Burnette and wide receiver Reid Evans.

Here from Norfolk State University is its new President, Dr. Tony Atwater. Head Football Coach Pete Adrian – MEAC Coach of the Year – was unable to join us, but he is represented by Assistant Head Coach Rod Holder and Assistant Coach Paul Macklin along with defensive tackle Josh Turner and offensive lineman Blake Matthews. Please join me in congratulating both teams for great seasons. (Lead Applause)

Speaking of Norfolk State, NSU Athletic Director Marty Miller is also here today. We were together two weeks ago for the announcement that the MEAC basketball tournament will return to Norfolk next March after a 15 year absence. With 13 teams – including local powerhouses Norfolk State University and Hampton University – competing in the tournament, thousands of fans from around the country will visit SCOPE for some of the best college basketball anywhere. As home to the conference's headquarters, we are very pleased to once again host this prestigious tournament.

We are also glad to learn that ODU will be hosting the NCAA's woman's basketball regional semi-final and finals next year with the winner going to the Final Four. Norfolk is also a good basketball town.

There's someone else I want to recognize who's given a lifetime to sports, and that someone is Dave Rosenfield – one of baseball's living legends – who this fall stepped aside as general manager of the Tides, a position he has held since 1963. In recognition of his more than 50 years in professional baseball and his numerous contributions to the Tides and the City, I'm pleased to announce that a piece of public art capturing the likeness of Dave will be commissioned for installation at Harbor Park. Dave, please stand so we can thank you. (Lead Applause)

As we look out over the next several years there's much to be confident about in the state of our city. Norfolk's economic fundamentals remain sound. Our budget is well-managed, and local revenues have begun to recover with hotel, meals, admissions and retail sales taxes all showing positive growth . . . holiday retail sales were up 4.5% this year. Our population is growing. An aggressive economic development policy has strengthened our tax base and protected our job core. This has helped significantly reduce the poverty rate. We are a safer city and one that is improving the quality of life for all citizens.

When the books were closed on the fiscal year 2011 budget we found a modest but significant \$11 million dollar surplus. Projections are this year's budget will end with a surplus of more than \$8 million dollars. These surpluses were generated in the teeth of the worst economic downturn since the Great Depression and demonstrate good stewardship of the public's purse.

The 2010 census showed that our population grew by 8400 people – a 3.6% increase. That rate of growth exceeded most of our neighbors and reversed a 30 year trend where our population was either declining or flat. And we just learned from the Commonwealth that in 2011 we added 1200 more folks, bringing our population to nearly 244,000. Our population is growing, and that's a very positive development.

In a clear-cut sign of our economy's strength, the city's total assessed property value stands at nearly \$18 billion dollars – double that of eight years ago and a major achievement considering we're over 90% developed. That increase occurred during a national recession. We are doing better than most on real estate values . . . we've worked hard to expand the economy and our tax base . . . and this is what enabled us to provide our citizens with more tax relief in the past seven years than any other city in Hampton Roads.

Underscoring our position as the business, educational, medical and cultural hub of Southeastern Virginia, Norfolk continues to lead the region in total average compensation per job. According to the most recent figures from the Bureau of Economic Analysis, the average compensation per job- that's wages and benefits - is \$72,696 . . . an amount 3.2% higher than last reported. And, there are nearly 213,000 jobs in Norfolk – one for every adult resident. Very few cities in America can make such a claim.

Still, we need to do a better job at connecting Norfolk residents to Norfolk jobs . . . something I've said many times before. Today, I'm pleased to report progress in that direction through Employ Norfolk . . . a program out of our economic development department with a goal of reducing unemployment. This will be achieved by increasing awareness of job openings and job training opportunities, by reaching out to the City's unemployed, by encouraging businesses to create apprenticeship positions, by increasing enrollment in technical education programs and by increasing the number of GED recipients. Employers and projects have already been identified that will need skilled workers over the next four years. By matching unemployed residents with available jobs we hope to lower the unemployment rate.

The expectation is this will also help further reduce the poverty rate for Norfolk families, which I'm glad to say, has dropped 34% in the last 10 years. In other words, in the last decade, the number of families living in poverty declined by over 2,700. This bucks a national trend for core cities where poverty is actually increasing.

At the same time, poverty has become less concentrated in areas across the City. A recent Brookings Institution report states that over the last 10 years most metro areas saw an increase in the number of neighborhoods with very high poverty rates. Norfolk experienced just the opposite. Here, the number of census tracts with at least 40% of residents living below poverty was cut from 10

to 8. Research demonstrates areas with high concentrations of poverty experience more crime, less investment and fewer employment options, so this is a very positive development for Norfolk and a trend we're determined to continue.

We care about everyone in this City, including the poor. While we have made strides in lifting many out of poverty and improving everyone's quality of life, we are compelled to do more so that everyone in this City moves forward together.

Towards this end, I will ask the City Council to establish an anti-poverty task force to focus on the causes of poverty and unemployment in Norfolk and to recommend to Council by this time next year strategies to lift greater numbers of our citizens out of poverty. This effort will help focus and coordinate our energies to assist the poor and unemployed. When their report is received next year strategies recommended can be funded in the 2014 budget.

Norfolk is also becoming a safer city. Total crime since 2002 is down nearly 22%. Since 2008, violent crime alone is down 33%. Thanks to our public safety officers for the great work they do, and thanks to our citizens and businesses for supporting the police.

One measure of a great city is how it cares for its most vulnerable citizens – the homeless and those in danger of falling into homelessness. Now in its sixth year, our effort to end homelessness continues to make headway. Last year, our Homeless Action and Response Team ended or prevented homelessness for over 1400 adults and children. The success rate for those exiting homelessness was 90%, while those needing prevention services experienced a 94% success rate.

One way we're acting to end homelessness is by providing supportive housing through a regional partnership with our sister jurisdictions. Today, there are 180 units of permanent supportive housing at locations in Norfolk, Virginia Beach and Portsmouth. Five years ago, none existed. Just last week ground was broken on another 60 units in Chesapeake . . . and we are working on identifying a site for a second development in Norfolk. This led the *Christian Science Monitor* to recognize Norfolk in an article last month as one of four cities in the country that have made a significant impact in ending chronic homelessness using permanent supportive housing.

Norfolk continues to gain recognition as one of the country's most desirable places to live. The Port of Virginia – third largest on the East Coast and poised for strong growth – makes us a leading city for international trade, commerce and business. Citing our quality of life, our economic potential, our business friendly attitude and other assets, *FDI Intelligence Magazine* rated Norfolk as one of the Top 10 small cities of the future, and as a Top 10 city for

foreign direct investment strategy. Affirming this distinction, last year Belgian global logistics provider KTN invested \$12 million dollars for a warehousing and distribution operation on a portion of the former Ford Assembly Plant site. Build-out of the facility concludes next month. When fully staffed, it will create about 200 jobs. And, KTN holds an option to acquire an additional 25 acres to accommodate its Phase II expansion plans. Joining us today is Kat-leen Bracknee, president of KTN Specialty Chemicals, USA, Frank Vingerhouts, president of KTN Gulf Coast and Gordon Campbell, terminal manager for KTN Norfolk, so please help me welcome our newest international business. (Lead Applause)

Private and public developments have effectively strengthened and diversified the City's economy, with well over a half-billion dollars in economic activity completed, begun or announced in the last five years alone . . . and this does not include light rail. Four medical projects accounted for more than \$240 million: a \$126 million dollar expansion and remodeling of Sentara Leigh Hospital; a \$25 million dollar medical office building on the DePaul Medical Center campus; a \$10 million dollar addition and remodeling at Lake Taylor Transitional Care Hospital; and, Eastern Virginia Medical School's \$80 million dollar education and research building. This new facility allows for a 30% enrollment increase in the M.D. class and is home to the Sentara Center for Simulation and Immersive Learning.

EVMS is a vital asset for Norfolk and Hampton Roads. It annually provides millions of dollars in charitable services, exerts a regional economic impact approaching \$1 billion dollars and with nearly 1400 employees, it is one of the city's largest employers. Under Harry Lester's leadership, the medical school is financially secure . . . it has added to and improved its facilities . . . and it has enhanced its reputation as a center for medical research. Harry Lester is here – please join me in thanking him. (Lead Applause)

Also here from the medical school is Dr. Richard Homan who last September was appointed Provost and Dean. Please help me welcome him to Norfolk. (Lead Applause)

A priceless benefit of the Medical School is many students remain here after graduation. Right now nearly 1000 EVMS alumni live in the area – 350 in Norfolk. I don't know what we'd do without them - or without the Medical School.

And thousands of Hampton Roads families would tell you they don't know what they would do without Children's Hospital of the King's Daughters, which this year celebrates 50 years of providing excellent medical care to young people. Congratulations to a cherished health care institution.

Major downtown developments such as the Wells Fargo Center and Monticello Station apartments, Harbor Heights condominiums, The Belmont at Freemason, The Residence Inn by Marriott, and Tidewater Community College's

new student center have brought with them new jobs and new residents while generating new revenue. The student center is a first for TCC. Enrollment is up again for the 14th consecutive year to 14,700 students on the Norfolk campus. TCC has blossomed under the excellent leadership of its president, Debbie DiCroce. After almost 14 years she departs at the end of the month to lead another vital institution – the Hampton Roads Community Foundation. Please join me in thanking Dr. DiCroce for all she has done for thousands of our young people. (Lead applause)

Let me also note that Virginia Wesleyan College celebrated its 50th anniversary in 2011. In that time, Virginia Wesleyan has become one the nation's best liberal arts colleges. President Dr. Billy Greer is here today so please join me in congratulating him and Virginia Wesleyan on this milestone. (Lead Applause)

Even in tough times cities must invest in their future.

Last month ground was broken on the long-awaited courts complex - a \$121 million project. In a matter of months, we'll break ground on the \$62 million dollar Col. Samuel L. Slover Memorial Library – a project we were able to advance by at least a decade on the strength of the largest philanthropic gift in the City's history from Frank Batten, Sr. and the Batten family. During construction these two projects will create an estimated 1500 jobs with an average annual wage of \$36,300.

When the Slover Library opens in just over two years, we will have a state-of-the art main library featuring the most advanced technology of any such facility in the country. It will, in fact, be a national and local treasure.

This was Frank Batten Sr.'s vision when he donated \$20,000,000 for the purpose of building this library that has been named for his uncle and former Norfolk mayor. Jane Batten shares this vision and that is why she pledged an additional \$20,000,000 to expand and improve this dream. The pledge was made on condition of her matching \$5 for every \$1 dollar raised. Today I'm pleased to report that a successful fund-raising drive has raised more than the \$4 million dollars needed to match Ms. Batten's challenge and last week the Slover Library Foundation received Jane's pledge of \$20,000,000 from the Batten Foundation.

The Batten's family commitment to this and other projects important to the City's well being have improved the quality of life for generations of Norfolk residents, and on behalf of a grateful City I want to extend to them our thanks and appreciation.

But, we are not done yet. The highly sophisticated nature of the technology of the Slover will require constant attention. The Slover Library

requires its own endowment so as not to compete with other needs of the City. The same folks who raised the \$4 million dollars I mentioned earlier to match the challenge grant have not slowed. They are mostly former Landmark employees who are committed to realizing this vision for Frank and Jane. The goal is to raise \$10 million dollars for a technology reserve fund. This can and will be accomplished.

Across from the Slover, construction on the \$6.3 million dollar MacArthur Memorial's new visitor center is on track for a summer completion. This addition was made possible through a partnership with the General Douglas MacArthur Foundation, and we greatly appreciate its support of the Memorial and its mission.

When Waterside opened in 1983, it was with the hope it would ignite the revitalization of the downtown waterfront and, ultimately, of downtown itself. By any objective measure, it achieved both goals. Along the way, it grew to become a beloved symbol of Norfolk's renaissance . . . a place thousands of people feel a sense of ownership , even today. But, all the new development it inspired also held the seeds of its decline. Waterside became a victim of its own success.

As the City began to consider Waterside's future, we first sought the public's input. We learned many want it maintained as a family-oriented destination with dining, shopping and entertainment. Others suggested totally new uses for the site. Next, we sought proposals from developers. Last month, they were shared with the public.

The manager is preparing to make a recommendation to the Council, after which we will seek additional public comment. This is a once in a generation opportunity . . . we need to take the time to make sure we make the right decision. Whatever is done with Waterside, it must serve the city at least as well and as long as the original facility.

The performing arts are helping make Norfolk attractive to businesses, young professionals and the creative class. Productions by the Virginia Symphony – the hardest working orchestra in America – the Virginia Opera, Virginia Stage and The Virginia Arts Festival are equal to the best anywhere, and have made Norfolk the envy of much larger cities. Following last year's record attendance, the Arts Festival has another great program in store this season featuring world-acclaimed soprano Renee Fleming, the legendary Itzhak Perlman, the American Ballet Theatre and Academy Award winner and film acting legend Al Pacino.

Don't be alarmed by the orange glow inside the building at Duke and Grace Streets. That's the furnace of the Chrysler Museum's new Glass Studio - made possible by generous contributions. Other gifts will enable construction to begin this spring on a \$20 million dollar expansion, and for free admission forever

. . . all reinforcing the Chrysler's position as one of the nation's leading art museums.

Funding from the City's Arts and Humanities Commission supports performances of more than 40 community arts organizations like the Hurrah Players, the I. Sherman Greene Chorale and the Hampton Roads Chamber Players. And our public art program is bringing visual art into public spaces across the city.

Norfolk is also home to the Governor's School for the Arts - an amazing center nurturing the artistic creativity of hundreds of young people around the region – and whose alumni are appearing in Broadway productions and on the hit TV show “Glee.” To consolidate its campus downtown, the City is working with the School to renovate the historic Monroe Building on Granby Street.

Further down Granby Street, U. S. Development reports that at long last, HUD has advised that this month they will close on a loan that will enable work to begin on a \$22 million dollar renovation of the Union Mission building. When completed next spring, this national registered historic landmark will rejoin downtown in its new life as The Rockefeller, a 90 unit apartment building. Thanks to U. S. Development for staying the course and saving this historic building.

A great development for the City was the decision by Los Angeles-based A. E. COM – the largest architectural, engineering and consulting company in the world – to bring its regional headquarters and 155 employees – with compensation packages averaging \$99,000 - to the Wells Fargo Center where it will occupy an entire floor. It is the first corporate headquarters to locate downtown since Maersk Lines Limited in 2004.

A. E. COM cited light rail as one reason for consolidating its operations here, which will also include a new division. Employees should start arriving next month. A.E. COM Regional Manager Darryl Henderson and leaders from the local office are with us today, so please join me in welcoming them and all A. E. COM employees to Norfolk. (Lead Applause)

We also look forward to welcoming Urban Outfitters to downtown and to Hampton Roads. A hip, lifestyle specialty retailer, offering fashion apparel and home goods, Urban Outfitters will occupy 14,000 square feet and three floors of space on Granby Street – one block away and in a direct line of sight to MacArthur Center. Urban Outfitters could have gone anywhere in the region. Its decision to locate in downtown Norfolk says much about us and what we have accomplished together. Thanks to Bobby Wright, DNC and all involved for striking this deal. (Lead Applause)

With new development valued at \$29 million dollars now underway or announced, Wards Corner is beginning to experience long-awaited positive change. The City recently invested \$2.7 million dollars to acquire seven dilapidated apartment buildings in Denby Park, and construction has begun on Norfolk Collegiate's amazing \$8.5 million fine arts building.

In what qualifies as the most significant development in years for the heart of the Wards Corner business district, developer Chris Perry recently announced plans for a new \$18 million dollar shopping center to be anchored by a Harris Teeter. Demolition of the existing center on the southeast corner of Granby Street and Little Creek Road is scheduled to begin this summer, and culminates years of work by the Perry family to purchase properties needed to proceed, and plans are for the center to open in 2014. Chris Perry is with us this afternoon so please join me in thanking him for this significant investment.

We were also very pleased to learn of the decision by the Tidewater Builders Association to hold its fall Homerama in East Beach for an unprecedented third time. Today, this 100 acre residential bay front development is valued at more than \$313 million dollars . . . a nice return for an initial \$55 million dollar investment. East Beach has won national awards for its design, it hosted two Coastal Living Idea Houses . . . and, even in a difficult housing market, lot and home sales are robust.

All of these new developments – A. E. COM's regional headquarters, redevelopment of the Ford Plant, Urban Outfitters, the changes happening at Wards Corner, and the great things happening in Ocean View – along with the investments and new jobs they represent - are a strong sign of confidence in the direction the City is headed and in its future.

Our public school system is one of the most important assets we have, and one we all need to help succeed. In the hyper-connected 21st century economy, the passport to the best jobs and to the middle class is a college diploma. For the vast majority of young people, the gateway to college is through the public school system.

Let's be clear, Norfolk Public Schools **is** providing students an education equal to the best anywhere. As evidence, look no further than the six Norfolk elementary schools recently selected for awards of excellence by the State Board of Education, or Norview High School's Blue Ribbon awards, the number of seniors who are accepted to colleges, or the \$25 million dollars in scholarships they were awarded last year. But system-wide, a stubborn problem exists. Too many of our students are not achieving at benchmark levels . . . too many are not graduating on time . . . and too many are dropping out. The school system has put in place strategies to address these issues.

Norfolk continues to lead the region in per pupil expenditures. Our teacher salaries remain regionally competitive. We are investing tens of millions of dollars for new schools – including nearly \$30 million dollars for a new Crossroads Elementary that will be ready this summer. Two weeks ago, the council gave the school board the go ahead to proceed with construction of two new elementary schools. And as soon as planning is finished, we will fund construction of two additional schools.

Academic excellence, however, comes with a price. We cannot expect our schools to absorb budget cuts of tens of millions of dollars without a decline in quality. In this year's budget the Council will need to address this loss in state funding with local dollars.

Even though the proposed budget presented by the school administration this past Wednesday did not include raises for employees, we must do better. After four years of no pay increases, both school and city employees need and deserve raises. And our salaries must stay competitive in our marketplace. Next year's budget should include additional funds for both city and school employees to have appropriate raises.

A key measure of a community's quality of life is the availability of recreational opportunities that appeal to all ages. Last year, several new projects began that will expand our recreational amenities. They include an \$500,000 expansion and renovation of the Therapeutic Recreation Center . . . start up on a new \$7.7 million dollar Southside Aquatics Center, a splash park at the Norview Recreation Center and a new \$1.9 million dollar gymnasium at Ingleside Elementary School. Additionally, the City provided the land for the YMCA to build a new \$13 million dollar facility in Park Place that will include the region's most advanced early childhood learning center.

The most significant recreational project in the City's history got underway October 31 when ground was broken for The Salvation Army's Ray and Joan Kroc Corps Community Center at Broad Creek. This \$84 million dollar, 80,000 square foot facility includes a \$28 million endowment to fund its ongoing operation. Many individuals and organizations worked to bring a Kroc Center to Norfolk: Major Lewis Reckline and The Salvation Army board and staff, the Kroc Foundation, Josh Darden – who led the private fund raising drive for the Center's endowment - Vice Mayor Anthony Burfoot, members of the business community, the Hampton Roads Community Foundation and the Batten Foundation along with Norfolk Redevelopment and Housing Authority and the City. Thanks to all of you for this tremendous effort.

The young and the not-so-young love to visit the Zoo, and recently the Virginia Zoo has become a visitor magnet. With last May's opening of the major new exhibit Trail of the Tiger - it is now a world-class zoological institution solidly at the forefront as one of America's best medium size zoos. Growing a world

class Zoo adds significantly to the City's and region's quality of life. It also acts as an economic driver. Here's a case in point – in 2011 the Zoo drew over half-a-million visitors – a 23% increase - and saw a 40% increase in revenue. The Zoo is presently deep into plans for a \$4 million dollar animal wellness center, and a groundbreaking is being planned for this spring. Congratulations to the Zoo Society and everyone involved in this great success story.

As a city nearly surrounded by water, flooding has always been a part of Norfolk's history. Due to rising sea levels and sinking property, it has recently become a chronic and expensive problem, with some areas regularly flooding at high tide and during heavy rainfall.

In response, the City has raised roadbeds, improved drainage and replaced old storm water pipes. This year, we will spend more than \$7 million dollars on flood mitigation projects – more than double the amount spent last year. But solving our flooding problem will take time and hundreds of millions of dollars. The cost for just four projects - the Hague, Pretty Lake in East Ocean View, Mason Creek and Ohio Creek near Norfolk State University - is estimated at upwards of \$300 million dollars. The staggering cost of the challenge requires federal assistance.

As a first step in applying for federal funds, we've asked the General Assembly to commission a study on sea level rise and flooding in Virginia shoreline and coastal communities. When funded, Old Dominion University will be working with us on the study. We've also partnered with ODU's Climate Change and Sea Level Rise Initiative, and are working with the Army Corps of Engineers and the Virginia Institute of Marine Science. Good progress is being made, but the sheer size and cost of the problem requires years to address.

Tomorrow will be the sixth month anniversary since we cut the ribbon on light rail on August 18.

Norfolk is the smallest city in America to build such a transit system. On behalf of everyone who did so much heavy lifting I'm proud to report that work-week ridership has averaged 4650 a day – far exceeding the original FTA projection of 2900 and proving light rail to be a viable transportation alternative.

The encouraging ridership numbers mean additional revenue for operation. Also the cost of operating light has proven to be less than budgeted. All of this improves the City budget's bottom line.

It's cost - \$317 million dollars – makes it the least expensive light rail system built on a per mile basis in recent times in this country. A little discussed fact, is that of this amount, our federal and state partners have paid 83%. The City contributed but 17 cents of every dollar – an excellent leverage of local funds

- especially so when you take into account that over time, we will recoup much of that investment from revenue generated by transit oriented development and increased economic activity.

HRT president and CEO Phil Shucet led the effort to complete construction and lower operating costs. So Phil, thank you for the great work you did as HRT's leader. We're also pleased to welcome HRT's new president and CEO, William Harrell, and look forward to working with him.

Though built entirely in Norfolk this light rail system does not bear Norfolk's name. It is not called the Norfolk light rail line. From its conception it was planned to be a regional transit system.

It was named the Tide so our friends in other cities would freely welcome it into their communities.

When they are ready, we hope and believe our friends will invite the Tide to Virginia Beach.

The Tide has already leveraged one extremely important regional transit decision. Every community in Hampton Roads voted to support inter-city passenger rail coming to the Southside at Harbor Park in Norfolk where our light rail system operates.

That vote occurred on Oct. 30, 2009. The Department of Rail and Public Transportation is led ably by Thelma Drake. She is a former member of the Virginia General Assembly and the U.S. Congress and a Norfolk native. DRPT has organized all of the appropriate players to bring inter-city passenger rail here faster than anyone could have hoped.

With \$114 million dollars in state funding and the agreement and cooperation of Norfolk Southern and CSX, improvements along the alignment to Petersburg and Richmond are ahead of schedule. This will allow passenger service from Norfolk to Washington and points north to begin this December – nearly a year earlier than originally projected.

This will be a game changer for the residents, businesses and military on the Southside and solidify Norfolk's role as the transportation hub of all of Hampton Roads.

Later this year, construction begins at Harbor Park on a multi-modal passenger station where bus, ferry, light rail and passenger rail will connect, helping fulfill the dream of seamless passenger rail service operating out of South Hampton Roads.

This has been achieved with support from Governor McDonnell, the General Assembly, the Department of Rail and Public Transportation, Norfolk Southern, CSX, AMTRAK, and all of the cities in the region.

Please join me in thanking the following folks here today: Thelma Drake; Jim Squires, CFO of Norfolk Southern; Jay McArthur, Principal Officer, Contract Administration for Amtrak; and, Quintin Kendall, CSX's Regional Vice-President for State Government Affairs. (Lead Applause)

Imagine. . .if progress continues. . . inter-city rail will be operating in time for this holiday season.

With 41,000 cars using the Mid-town Tunnel daily, it is the most heavily traveled two-lane road in Virginia and the most congested. At any moment, a breakdown can bring the entire road system in Hampton Roads to a crawl. This is an impediment to our regional economy, military preparedness and the port's efficiency.

The expansion of the Mid-town Tunnel has been the chief transportation priority for the region for decades.

A \$2.1 billion dollar agreement between the Commonwealth and the Elizabeth River Crossings to build a second Mid-town Tunnel is the first major transportation project approved for Hampton Roads since work on the Monitor-Merrimac Bridge Tunnel began in 1985. Construction is planned to begin by the end of this year.

Progress on the expansion of the tunnel has come at a high price – some would say at too high a price.

We can continue to argue about methods of financing road and tunnel improvements, but the fact is that debate has been ongoing for decades and we are no closer to agreement.

Many do not agree with tolls. But we pay a toll for doing nothing – a toll on our economic activity, a toll on our air quality, a toll on our time spent away from our loved ones while stuck in traffic, and a toll on gas guzzled idling in backups.

It's also true that we need this new tunnel if for no other reason than to help evacuate the Southside in case of a natural or man-made disaster.

Let's continue to search for a solution to our woefully underfunded transportation needs.

Let's improve the Public-Private Transportation Act to provide for more transparency and community input. Let's hope efforts in the General Assembly to lower the tolls bear fruit.

But let's build this tunnel.

This June marks the 200th anniversary of the War of 1812, a war with England that Norfolk – and our neighbor, Portsmouth – played a key part in at the Battle of Craney Island. To commemorate the bicentennial, beginning June 6 and continuing through June 12, Norfolk and other Hampton Roads port communities will host OpSail 2012, a week-long celebration featuring tall ships from dozens of nations, U. S. Navy ships, a Parade of Sail, an air show and more exciting events.

This signature event for Virginia is being made possible through a partnership between the Navy, Operation Sail, Inc., the Commonwealth of Virginia, the City of Norfolk and other Hampton Roads cities, Festevents and many others. It's going to be a world-class, once in a lifetime event, that will put our region and the Commonwealth on the international stage, and demonstrate again that the Port of Virginia is one of the world's great ports.

It will bring tens of thousands of visitors to Norfolk and will lend a significant boost to our hospitality industry. Get ready and, if you are able, get involved.

With help from each of you here today, with each passing year we are making steady progress in building a better Norfolk. With the start-up of light rail operations, the imminent expansion of the Midtown Tunnel, and with passenger rail service to Washington set to begin later in the year, we are seeing real improvements to our transportation network.

Our downtown is growing and so is our population as more people are choosing to live in Norfolk. Our economy is on the rebound, our tax base has expanded, fewer people are living below the poverty line, our taxes are lower, the City is safer, and our quality of life continues to improve. As a city we are living within our means.

The future is brighter, and it is my honor to serve alongside my colleagues on City Council as together, we work with you to make Norfolk one of the world's great cities . . . a place of opportunity, a center for international commerce with broad support from our residents and our businesses. This is why I can say with confidence that the state of our city is sound.

Thank you for your commitment and for all you do to make Norfolk a better home for our families, for our children and for our grandchildren. God bless you and God bless the City of Norfolk.